

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 767 - SB 823

March 24, 2009

SUMMARY OF BILL: Prohibits the use of trans-fat in school nutrition programs except food that is being served directly to students or other patrons in a manufacturer's original sealed package. Requires school nutrition programs to maintain on-site the original labels for all food products that contain fats, oils, shortenings, required by law to have labels, or are being stored, distributed, held for service, used in preparation of any menu item, or served by the food service or fast food establishment. For purchased food items that are not required to have labels, the program shall obtain documentation from the manufacturers of the food items, indicating whether the items contain vegetable shortening, margarine, or other partially hydrogenated vegetable oil, or indicating trans fat content.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$90,000

Increase Local Expenditures – \$2,840,000*

Assumptions:

- Department of Education would hire one registered dietician to monitor four state special schools. Salary and benefits for this position would total approximately \$75,000. Travel and training costs for 10 DOE staff to go to local education agencies (LEAs) will be approximately \$10,000 (\$1,000 x 10). Ten DOE staff will be trained on the new requirements, a cost of approximately \$5,000 (\$500 x 10).
- Each LEA (136) and the four state special schools will hire one part-time dietician to monitor the use of products and keep records at a cost of approximately \$20,000 per school system and special school. Total increase in local expenditures for part-time dietician will be \$2,840,000 (\$20,000 x 142). These positions will not be funded through the BEP.
- According the Tennessee Department of Agriculture, any prohibited products in school inventory on July 1, 2009 will have to be destroyed or otherwise removed. Additionally, any products received after that date will have to be sent back or destroyed. It is unclear how removal would

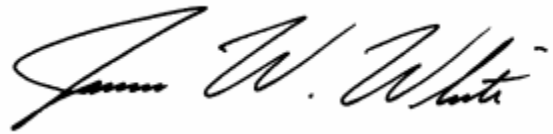
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be carried out since federal regulations prohibit destruction of food distributed by the U.S. Department of Agriculture.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

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